

# PROPOSED RESOLUTION

Resolution W-5027  
DWA

AGENDA ID #13788 (Rev. 1)  
ITEM #6

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DIVISION OF WATER AND AUDITS  
Water and Sewer Advisory Branch

RESOLUTION W-5027  
April 9, 2015

### RESOLUTION

(RES. W-5027), GRAEAGLE WATER COMPANY. ORDER  
AUTHORIZING A GENERAL RATE INCREASE (GRC),  
PRODUCING ADDITIONAL ANNUAL REVENUE OF  
\$179,133, OR 40.0%, FOR TEST YEAR (TY) 2014.

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### SUMMARY

By Advice Letter 50, filed on January 10, 2014, Graeagle Water Company seeks to increase its rates for water service to earn an adequate return on its new plant investment. For Test Year 2014, this Resolution grants an increase in gross annual revenues of \$179,133 or 40.0% over current rates, which is estimated to provide a rate of return of 10.70%.

### BACKGROUND

Graeagle Water Company (Graeagle) is a Class C water utility serving 659 metered customers and 282 fixed rate customers, in the Community of Graeagle and vicinity in Plumas County. By Advice Letter (AL) 50, Graeagle has requested authority under Rule 7.6.2 of General Order (GO) 96-B, Water Industry Rule 7.3.3(5), and Section 454 of the Public Utilities Code to increase its water rates by \$225,464 or 51.4% for Test Year (TY) 2014, over the current interim rates. The primary purpose of the rate increase request is to provide an adequate rate of return on new plant investment in State mandated meters. Graeagle's request was based on a rate of return of 11.30%.

The present interim rates became effective on January 15, 2014. Graeagle's last General Rate Case (GRC) Increase became effective pursuant to Res. W-4595, which granted a Test Year 2005 increase in revenues of \$84,810 or 23.2% and a rate of return of 11.4%.

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Graeagle is installing meters in order to comply with Public Utility Code (P.U. Code) Section 781<sup>1</sup>. The utility has stated that it intends to continue installing 60 or more meters per year thereby completing metering in four to five years. Under this plan the utility will complete metering well ahead of the 2025 deadline imposed by the P.U. Code.

## **NOTICE AND PROTEST**

AL 50 was filed with the Division on January 10, 2014. AL 49, requesting an interim increase, was filed the same day. Feather River Park Resort Homeowners Association filed a protest to AL 50 and the utility responded.

On August 27, 2014, a notice of the proposed rate increase and public meeting was mailed to each customer and to the general service list. Eleven customer letters protesting the rate increase were timely received and the utility replied.

Division reviewed the letters and responses and believes the utility made a complete response to the issues raised in the protest letters.

An informal public meeting was held September 25, 2014 at 6:30 PM at the Graeagle Fire Hall. The meeting was attended by approximately 58 people. Division staff explained the process. Representatives of the utility explained the need for the requested increase. Then there were questions from the audience and discussion. After the discussion, concern remained over the impact of the requested increase on the customers. In setting rates in this resolution, we have balanced the financial requirements of Graeagle with the rate concerns of its customers.

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<sup>1</sup> Section 781 requires Class C utilities to install a water meter upon each unmetered service connection by January 1, 2025.

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## DISCUSSION

The Division made an independent analysis of Graeagle's operations. Appendix A shows Graeagle's and the Division's estimated summary of earnings at present and proposed rates for TY 2014 and the Division's recommended rates for TY 2014. The Division informed Graeagle of how the methodologies and escalation rates it used differed from those used in Graeagle's request. Graeagle is now in agreement with the Division's recommended revenue requirement, shown in Appendix A, and the Division's recommended rates, shown in Appendix B. The Division recommends that the Commission approve the rate increases and resulting rates shown in Appendix B.

### Operating Expenses

The Division's estimate of Graeagle's operating expenses is based on data from years 2011-2013 (data years). The Division reviewed expenses including purchased power, other volume related expense, materials, transportation, other plant maintenance, uncollectibles, office service and rentals, office supplies and expenses, professional services, insurance, general expenses, and taxes other than income. These expenses were escalated to 2014 dollars and averaged over the data years.

Water testing expense had been carried on Graeagle's books as a subaccount of professional services in some years and of contract work in other years. The Uniform System of Accounts adopted by Decision 85-04-076 prescribes that it is a subaccount of contract work. Water testing is shown as a separate line item in Appendix A.

Graeagle does not employ anyone directly. The people who operate and maintain the utility are employed by Graeagle Land and Water Company (Land Company) and are contracted to the utility as needed. Individual employees of the Land Company record their time for five entities including the water utility and summarize the work done. Division examined random samples of the timesheets and found them to be of sufficient detail to support billing. Division examined all bills paid by the utility to the Land Company for the three data years to arrive at its recommendations for Contract Work, Office Salaries, and Management Salaries. The water utility pays no employee benefits directly.

Graeagle's estimate for regulatory commission expense included the User Fees paid to the Commission. These fees are collected over and above the other tariffed rates and are therefore excluded for ratemaking purposes.

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## Rate Base

Graeagle's new plant investment in meters was the primary driver for the rate increase request. The utility has a history of well-designed and maintained plant so other major improvements have not been necessary for some time. Division has reviewed the cost of the metering program and recommends that the cost be added to utility plant in service. Division's estimate of rate base includes plant additions through the end of 2014.

## Rate of Return

Graeagle requested a 11.30% rate of return. The current range recommended for rate of return for a Class C utility is 10.20% to 11.20%<sup>2</sup>, and Division based its analysis on 10.70%, the midpoint of the range. In Decision (D.) 92-03-093 effective April 30, 1992, the Commission adopted the Return on Margin (ROM) ratemaking as an alternate to the Return on Net Investment (Rate Base) method for calculating net revenue for Class C and Class D Utilities and required the Division to recommend the method that produces the higher net revenue result. The Division found that using the 20.54% rate of margin currently allowed<sup>3</sup> would produce less net revenue than the rate of return on rate base method. Therefore, Division recommends revenues using the 10.70% rate of return.

## Rate Design and Transition to Metered Rates

Graeagle's rate structure consists of six schedules: Schedule No. 1, General Metered Service; Schedule No. 2, General Flat Rate Service; Schedule No. 2S, Seasonal Flat Rate Service; Schedule No. 4, Private Fire Protection Service; Schedule No. 5, Public Fire Protection Service; and Schedule No. 6, Seasonal Flat Rate Irrigation Service.

At the Division's recommended rates shown in Appendix B, monthly flat rates will increase from \$ 42.03 to \$ 50.04, a difference of \$8.01 or 19.1% and metered rates for a customer with the smallest meter and average consumption will increase from \$33.18 to \$50.04, a difference of \$16.87 or 50.8%. This disparity in increase percentage is due to

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<sup>2</sup> This recommendation is set forth in a March 21, 2014 memorandum to the Commission entitled Rates of Return and Rates of Margin for Class C and Class D Water Utilities (March 21, 2014 Memorandum).

<sup>3</sup> See the March 21, 2014 Memorandum.

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the fact that the current metered tariff was designed at a time when far fewer customers were metered and sales to the average metered customer were much higher. The proposed rate results in identical charges of \$50.04 to flat rate customers and to a metered customer with average usage. A comparison of customer bills at present and recommended rates is shown in Appendix C. The adopted quantities and tax calculations are shown in Appendix D.

The utility reports that transition to meters has been generally well received. Division supports metering and transition to metered billing as quickly as possible to encourage conservation. Many other Commission regulated utilities that still have flat rate tariffs have a special condition in those tariffs that allow the utility to meter flat rate customers at the convenience of the utility. This allows the utility to meter in a methodical and efficient way. Division Recommends that the Commission order Graeagle to add the following special condition to all flat rate tariffs: "For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum metered charge for the same period shall be made on or about that same day." The Division recommendation is adopted in this resolution.

### Interim Recovery

The interim increase, subject to refund or increase to the rates set herein, was requested by AL 49 and became effective on January 10, 2014. Since this resolution authorizes a substantial increase, the Division recommends that the shortfall in revenue between the interim and final rate be recovered over a 36-month period.

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## COMPLIANCE AND SAFETY

The utility has been filing annual reports as required. There are no other compliance matters outstanding. The State Water Resources Control Board, Division of Drinking Water reports no water quality violations. Graeagle's system provides adequate fire flow to its 84 hydrants.

The utility informed staff on January 27, 2015 that it had been charging an \$11/month empty lot charge to the owners of 71 vacant lots in the service territory of the former Smith Creek Mutual Water Company (Mutual). The Mutual had imposed this charge and Graeagle continued the practice when it took over the territory of the Mutual. Division finds no tariff, resolution, or decision authorizing this charge and recommends the Commission order the utility to refund the charges collected for the three prior years ending with the effective date of this resolution and to cease charging the fee going forward. To the extent practical the refund should be made to the lot owners from which the fee was collected.

## COMMENTS

Public Utilities Code Section 311(g)(1) provides that resolutions generally must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission.

Accordingly, this draft resolution is being mailed to the utility and all protestants, and made available for public comment on March 6, 2015.

Three comment letters were received from two customers. Concerns raised include the percentage increase authorized by the resolution, the inclusion of water meters into ratebase, and the reasonableness of the rate of return. However, the comments received did not require any changes to the resolution.

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## FINDINGS

1. In reviewing Graeagle's request, the Division made an independent analysis of Graeagle's operations.
2. The Division's recommended summary of earnings (Appendix A) is reasonable and should be adopted.
3. The rates recommended by the Division (Appendix B) are reasonable and should be adopted.
4. The quantities (Appendix D) used to develop the Division's recommendations are reasonable and should be adopted.
5. For TY 2014, it is appropriate to grant Graeagle an increase in gross annual revenues of \$179,133 or 40.0%, which is estimated to provide a rate of return of 10.70%.
6. After the rates approved by this Resolution become effective, Graeagle should be allowed to file a Tier 2 AL within 30 days to collect the under-collected revenues from January 10, 2014, the interim rate date, to the effective date of the new rates. This AL should become effective upon approval by the Division.
7. Graeagle should be ordered to refund the empty lot fee collected in the former Smith Creek Mutual Water Company for the three year period ending with the effective date of this resolution. To the extent practical the refund should be made to the lot owners from which the fee was collected.

## THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code Section 454 to Graeagle Water Company to file a supplemental advice letter with the revised rate schedule attached to this Resolution as Appendix B and concurrently cancel its presently effective rate Schedule No. 1, General Metered Service; Schedule No. 2, General Flat Rate Service; Schedule No. 2S, Seasonal Flat Rate Service; Schedule No. 4, Private Fire Protection Service; Schedule No. 5, Public Fire Protection Service; and Schedule No. 6, Seasonal Flat Rate Irrigation Service. The effective date of the revised schedules shall be five days after the date of filing.
2. Graeagle Water Company is authorized to file a Tier 2 Advice Letter within 30 days from the effective date of the authorized rates to collect the under-collected revenues from January 10, 2014, the interim rate date, to the effective date of the new rates established by this Resolution. This Advice Letter shall become effective upon approval by the Division of Water and Audits.

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3. The quantities (Appendix D) used to develop the Division of Water and Audits' recommendations are adopted.
4. Graeagle Water Company is ordered to refund the empty lot fee collected from in the former Smith Creek Mutual Water Company for the three year period ending with the effective date of this resolution. To the extent practical the refund should be made to the lot owners from whom the fee was collected. The refund shall be completed within 60 days and the utility shall inform the Division of Water and Audits when it has completed the refund.

This Resolution is effective today.

I certify that the foregoing Resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on April 9, 2015; the following Commissioners voting favorably thereon:

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TIMOTHY J. SULLIVAN  
Executive Director



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## APPENDIX A GRAEAGLE WATER COMPANY Summary of Earnings Test Year 2014

Item	Utility Estimated		Branch Estimated		Recommended Rates
	Present Rates	Requested Rates	Present Rates	Requested Rates	
<b><u>OPERATING REVENUES</u></b>					
Metered Rates	\$257,910	\$382,805	\$280,279	\$421,812	\$437,634
Flat Rates	\$174,035	\$278,504	\$167,815	\$252,642	\$189,593
<b>Total Revenue</b>	<b>\$431,945</b>	<b>\$661,309</b>	<b>\$448,094</b>	<b>\$674,454</b>	<b>\$627,227</b>
<b><u>OPERATING EXPENSES</u></b>					
Purchased Power	\$9,455	\$9,455	\$10,026	\$10,026	\$10,026
Other Volume Related Expenses	\$6,876	\$6,876	\$7,391	\$7,391	\$7,391
Employee Labor	\$0	\$0	\$0	\$0	\$0
Materials	\$4,747	\$4,747	\$3,687	\$3,687	\$3,687
Contract Work	\$156,390	\$156,390	\$144,468	\$144,468	\$144,468
Water Testing	\$0	\$0	\$5,426	\$5,426	\$5,426
Transportation	\$10,792	\$10,792	\$8,106	\$8,106	\$8,106
Other Plant Maintenance	\$6,346	\$6,346	\$10,036	\$10,036	\$10,036
Office Salaries	\$82,533	\$82,533	\$96,523	\$96,523	\$96,523
Management Salaries	\$88,043	\$88,043	\$64,973	\$64,973	\$64,973
Employee Benefits	\$0	\$0	\$0	\$0	\$0
Uncollectibles	\$0	\$0	\$68	\$68	\$68
Office Services & Rental	\$2,358	\$2,358	\$4,860	\$4,860	\$4,860
Office Supplies and Exp	\$9,088	\$9,088	\$8,987	\$8,987	\$8,987
Professional Services	\$13,430	\$13,430	\$13,380	\$13,380	\$13,380
Insurance	\$3,936	\$3,936	\$4,093	\$4,093	\$4,093
Regulatory Comm Exp	\$8,555	\$8,555	\$500	\$500	\$500
General Expenses	\$4,186	\$4,186	\$6,740	\$6,740	\$6,740
Subtotal	\$406,735	\$406,735	\$389,265	\$389,265	\$389,265
Depreciation Expense	\$49,849	\$49,849	\$51,016	\$51,016	\$51,016
Taxes other than income	\$15,433	\$15,433	\$15,314	\$15,314	\$15,314
State Income Tax	\$800		\$800	\$19,347	\$15,172
Federal Income Tax	\$0	\$52,251	\$0	\$61,060	\$44,269
<b>Total Deductions</b>	<b>\$472,817</b>	<b>\$524,268</b>	<b>\$456,395</b>	<b>\$536,002</b>	<b>\$515,037</b>
<b><u>NET REVENUE</u></b>	<b>-\$40,872</b>	<b>\$137,041</b>	<b>-\$8,301</b>	<b>\$138,452</b>	<b>\$112,190</b>
<b><u>RATE BASE</u></b>					
Average Plant	\$2,074,930	\$2,074,930	\$2,154,561	\$2,154,561	\$2,154,561
Average Depreciation Reserve	\$993,404	\$993,404	\$1,033,334	\$1,033,334	\$1,033,334
<b><u>Net Plant</u></b>	<b>\$1,081,526</b>	<b>\$1,081,526</b>	<b>\$1,121,227</b>	<b>\$1,121,227</b>	<b>\$1,121,227</b>
Working Cash	\$27,781	\$27,781	\$25,741	\$25,741	\$25,741
Materials and Supplies	\$734	\$734	\$475	\$475	\$475
Less Advances	\$0	\$0	\$0	\$0	\$0
Contributions	\$0	\$0	\$98,894	\$98,894	\$98,894
<b><u>Rate Base</u></b>	<b>\$1,110,041</b>	<b>\$1,110,041</b>	<b>\$1,048,549</b>	<b>\$1,048,549</b>	<b>\$1,048,549</b>
<b>Rate of Return</b>	<b>-3.68%</b>	<b>12.35%</b>	<b>-0.79%</b>	<b>13.20%</b>	<b>10.70%</b>

END APPENDIX A

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## APPENDIX B Schedule No. 1A General Metered Service

### APPLICABILITY

Applicable to all metered water service.

### TERRITORY

This schedule is applicable within the entire territory served by the utility (T)

### RATES

#### Quantity Rate:

All water, per 100 cu. ft.	\$1.94	(I)
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#### Service Charge:

	<u>Per Meter Per Month</u>	
For 5/8 x 3/4-inch meter	\$31.21	
For 3/4-inch meter	\$46.81	
For 1-inch meter	\$78.02	
For 1-1/2-inch meter	\$156.04	
For 2-inch meter	\$249.67	
For 3-inch meter	\$326.85	
For 4-inch meter	\$588.35	(I)

The Service Charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the monthly charge computed at the Quantity Rates.

### SPECIAL CONDITIONS

1. The established billing cycle for service is every two months.
2. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
3. In the event that a customer terminates service under this schedule and reinstates service at the same location within 12 months, there will be a reconnection charge equal to the minimum charge which would have been billed had the customer not terminated service. (T)

(cont.)

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## APPENDIX B

### Schedule No. 2

#### General Flat Rate Service

#### APPLICABILITY

Applicable to all flat water service furnished on an annual basis.

#### TERRITORY

This schedule is applicable within the entire territory served by the utility

(T)

#### RATES

	<u>Per Year</u>	<u>Per Month</u>
For a single family residence, business establishment, or manager's quarters of a motel or trailer park, including premises.	\$600.54	\$50.04
For additional buildings on the same premises and served from the same service connection:		
(1) each residence, cabin, or trailer with housekeeping accommodations	\$251.26	\$20.94
(2) each hotel or motel room with bathroom facilities only	\$126.41	\$10.53
(3) each trailer facility with partial plumbing	\$88.52	\$7.38
For 1-inch meter	\$900.79	\$75.07
For 2-inch meter	\$1,381.21	\$115.10
For 3-inch meter	\$1,921.65	\$160.14
For 4-inch meter	\$3,513.03	\$292.75

(I)

(I)

#### SPECIAL CONDITIONS

1. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum metered charge for the same period shall be made on or about that same day.

(N)

(cont.)

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## APPENDIX B Schedule No. 2S Seasonal Flat Rate Service

### APPLICABILITY

Applicable to all flat water service furnished on an annual basis.

### TERRITORY

This schedule is applicable within the entire territory served by the utility (T)

### RATES

	<u>Per Year</u>	<u>Per Month</u>	
For a single family residence, business establishment, or manager's quarters of a motel or trailer park, including premises.	\$570.07	\$71.26	(I)
For additional buildings on the same premises and served from the same service connection:			
(1) each residence, cabin, or trailer with housekeeping accommodations	\$238.22	\$29.78	
(2) each hotel or motel room with bathroom facilities only	\$119.16	\$14.89	
(3) for each additional room or unit on the same premises and served from the same service connection	\$83.34	\$10.42	(I)

### SPECIAL CONDITIONS

1. The above flat rates apply to service connections not larger than 3/4 -inch in diameter.
2. The established billing cycle for service is every two months.
3. The seasonal service charge applies to service during the 8-month period commencing March 16 and ending November 15. (T)
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
5. In the event that a customer terminates service under this schedule and reinstates service at the same location within 12 months, there will be a reconnection charge equal to the minimum charge which would have been billed had the customer not terminated service. (T)
6. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum metered charge for the same period shall be made on or about that same day. (N)

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## APPENDIX B

### Schedule No. 4

#### Private Fire Protection Service

#### APPLICABILITY

Applicable to water service furnished for private fire protection systems.

#### TERRITORY

This schedule is applicable within the entire territory served by the utility. (T)

#### RATES

##### Per Month

For each inch of diameter of service connection \$4.52 (I)

#### SPECIAL CONDITIONS

1. The fire protection service shall be installed by the utility and the cost paid for by the applicant. Such payment shall not be subject to refund. (T)
2. The minimum diameter for fire protection services shall not be less than six inches and the maximum diameter shall not be more than the diameter of the main to which the service is connected.
3. If a distribution main of adequate size to serve a private fire protection system in addition to all other normal service does not exist in the street or alley adjacent to the premises to be served, then a service main from the nearest existing main of adequate capacity shall be installed by the utility and the cost paid by the applicant. Such payment shall not be subject to refund.
4. Service hereunder is for private fire protection systems to which no connections for other than fire protection purposes are allowed and which are regularly inspected by the underwriters having jurisdiction. Said systems shall be installed according to the specifications of the utility, and are maintained to the satisfaction of the utility. The utility may install the standard detector type meter approved by the Board of Fire Underwriters for protection against theft, leakage or waste of water and the cost paid by the applicant. Such payment shall not be subject to refund. (T)

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## APPENDIX B

### Schedule No. 5

#### Public Fire Protection Service

#### APPLICABILITY

Applicable to all fire hydrant service furnished to municipalities, duly organized or incorporated fire districts or other political subdivisions of the State.

#### TERRITORY

This schedule is applicable within the entire territory served by the utility. (T)

#### RATES

	<u>Per Month</u>	
For each hydrant	\$11.04	(I)

#### SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges shall be made at the quantity rate under Schedule No.1, General Metered Service. (T)
2. Relocation of any fire hydrant shall be at the expense of the party requesting relocation.
3. Fire hydrants shall be attached to the utility's distribution mains upon receipt of proper authorization from the appropriate public authority. Such authorization shall designate the specific location at which each is to be installed.
4. The utility will supply only such water at such pressure as may be available from time to time as a result of its normal operations of the system.
5. The established billing cycle for service is every two months.
6. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
7. In the event that a customer terminates service under this schedule and reinstates service at the same location within 12 months, there will be a new reconnection charge equal to the minimum charge which would have been billed had the customer not terminated service. (T)

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## APPENDIX B

### Schedule No. 6

#### Seasonal Flat Rate Irrigation Service

#### APPLICABILITY

Applicable to all flat rate water furnished to outside irrigators with service connections larger than 3/4 -inch on a seasonal basis.

#### TERRITORY

This schedule is applicable within the entire territory served by the utility (T)

#### RATES

	<u>Per Year</u>	<u>Per Month</u>	
For 1-inch meter	\$600.55	\$75.07	(I)
For 1-1/2-inch meter	\$974.88	\$121.86	
For 2-inch meter	\$1,357.98	\$169.75	
For 4-inch meter	\$2,494.69	\$311.84	
Feather River Park Golf Course	\$9,667.29	\$1,208.41	(I)

#### SPECIAL CONDITIONS

1. The utility may, at its discretion, interrupt service to irrigation customers during the following periods: (Memorial Day Weekend, July Fourth Weekend, or Labor Day Weekend); with such interruptions only to be used in the case that service to other customers would be impacted by continued irrigation. No service should be interrupted for more than four days. No punitive action under Rule 15 should be triggered by excessive use of irrigation water for one week before and one week after any service interruption. (T)
2. The seasonal service charge applies to service during the 8-month period commencing March 16 and ending November 15.
3. The established billing cycle for service is every two months.
4. All bills are subject to the reimbursement fee set forth on Schedule No. UF.
5. In the event that a customer terminates service under this schedule and reinstates service at the same location within 12 months, there will be a reconnection charge equal to the minimum charge which would have been billed had the customer not terminated service. (T)
6. For service covered by the above classification, if the utility so elects, a meter shall be installed and service provided under Schedule No. 1, General Metered Service, effective as of the first day of the following calendar month. Where the flat rate charge for a period has been paid in advance, refund of the prorated difference between such flat rate payment and the minimum metered charge for the same period shall be made on or about that same day. (N)

END APPENDIX B

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## APPENDIX C Comparison of Rates Test Year 2014

Tariff Description	Tariff Rates		Recommended Increase	
	Interim	Recommended	Dollars	Percent
Service Charge:				
For 5/8 x 3/4-inch meter	\$20.47	\$31.21	\$10.74	52.5%
For 3/4-inch meter	\$30.70	\$46.81	\$16.11	52.5%
For 1-inch meter	\$51.18	\$78.02	\$26.84	52.4%
For 1-1/2-inch meter	\$102.36	\$156.04	\$53.68	52.4%
For 2-inch meter	\$163.78	\$249.67	\$85.89	52.4%
For 3-inch meter	\$214.38	\$326.85	\$112.47	52.5%
For 4-inch meter	\$385.90	\$588.35	\$202.45	52.5%
Quantity Charge:				
Per CCF	\$1.31	\$1.94	\$0.63	48.2%

A monthly bill comparison for a customer with a 5/8 x 3/4-inch meter is shown below:

Usage 100 cu. Ft.	Tariff Rates		Recommended Increase	
	Interim	Recommended	Dollars	Percent
0	\$20.47	\$31.21	\$10.74	52.5%
2	\$23.09	\$35.09	\$12.00	52.0%
5	\$27.02	\$40.92	\$13.90	51.4%
9.7	\$33.18	\$50.04	\$16.87	50.8%
15	\$40.12	\$60.34	\$20.22	50.4%
20	\$46.67	\$70.05	\$23.38	50.4%

Tariff Description	Tariff Rates		Recommended Increase	
	Interim	Recommended	Dollars	Percent
General Flat Rate Schedule No. 2				
Single Family	\$42.03	\$50.04	\$8.01	19.1%
Additional Cabin, etc.	\$17.59	\$20.94	\$3.35	19.0%
Additional Hotel, bathroom only	\$8.85	\$10.53	\$1.68	19.0%
Additional trailer, partial plumbing	\$6.20	\$7.38	\$1.18	19.0%
1-inch service	\$63.05	\$75.07	\$12.02	19.1%
1-1/2 -inch service	\$96.67	\$115.10	\$18.43	19.1%
2-inch service	\$134.50	\$160.14	\$25.64	19.1%
4-inch service	\$245.88	\$292.75	\$46.87	19.1%

(cont.)



# PROPOSED RESOLUTION

Resolution W-5027  
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## APPENDIX C Comparison of Rates Test Year 2014

Tariff Description	Tariff Rates		Recommended Increase	
	Interim	Recommended	Dollars	Percent
Seasonal Flat Rate Schedule 2S				
Single Family Residence	\$59.85	\$71.26	\$11.41	19.1%
Additional Buildings	\$25.01	\$29.78	\$4.77	19.1%
Hotels First Room	\$12.51	\$14.89	\$2.38	19.1%
Hotel Additional Rooms	\$8.75	\$10.42	\$1.67	19.1%

Tariff Description	Tariff Rates		Recommended Increase	
	Interim	Recommended	Dollars	Percent
Season Flat Rate Irrigation Schedule 6				
1-inch service	\$63.05	\$75.07	\$12.02	19.1%
1-1/2 -inch service	\$102.35	\$121.86	\$19.51	19.1%
2-inch service	\$142.57	\$169.75	\$27.18	19.1%
4-inch service	\$261.91	\$311.84	\$49.93	19.1%
Feather River Park	\$1,014.94	\$1,208.41	\$193.47	19.1%

END APPENDIX C

# PROPOSED RESOLUTION

Resolution W-5027  
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## APPENDIX D Adopted Quantities Test Year 2014

### 1. Purchased Power

**Vendor:** Plumas Sierra Rural Electric Cooperative

**Adopted Usage KWH:** 4,548

**Total Cost:** \$10,026

**Composite Energy Cost (\$/KWH):** \$0.16579

### 2. Water Sales

**CCF:** 76,708

### 3. Number of Service Connections

<u>Meter Size</u>	<u>Connections</u>	<u>Seasonal Flat Rate</u>	<u>Connections</u>
5/8 x 3/4-inch	620	Single Family	7
3/4-inch	11		
1-inch	10		
1 1/2-inch	16	<u>Seasonal Irrigation</u>	<u>Connections</u>
2-inch	0	1-inch	0
3-inch	1	1.5-inch	1
4-inch	1	2-inch	3
		4-inch	1
<u>Flat Rate Connection</u>	<u>Connections</u>	Feather River Park (FRP)	Rates were designed assuming 4" metered connection for FRP.
Single Family	252		
1-inch	4		
1.5-inch	7		
2-inch	7		
4-inch	0		

(cont.)

# PROPOSED RESOLUTION

Resolution W-5027  
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## APPENDIX D Adopted Quantities Test Year 2014

### 4. Tax Calculation

	<u>ITEM</u>	<u>STATE TAX</u>	<u>FEDERAL TAX</u>
	Operating Revenue	\$627,227	\$627,227
	O & M Expenses	\$389,265	\$389,265
	Taxes Other Than Income	\$15,314	\$15,314
	Depreciation	\$51,016	\$51,016
	Interest Expense	\$0	\$0
	Taxable Income for State Tax	\$171,632	
	State Tax	\$15,172	
	Taxable Income for FIT		\$156,459
	Federal Income Tax		\$44,269
	Total Income Tax		\$59,441
	CA Corporate Franchise Rate		8.84%
	Federal Income Tax Rates	1st \$50K	15%
		Next \$25K	25%
		Next \$25K	34%
		Next \$235K	39%

END APPENDIX D

## CERTIFICATE OF SERVICE

I certify that I have by either electronic mail or postal mail, this day, served a true copy of Proposed Resolution No. W-5027 on all parties in these filings or their attorneys as shown on the attached lists.

Dated March 6, 2015, at San Francisco, California.

/s/DANIEL SONG

Daniel Song

Parties should notify the Division of Water and Audits, Fourth Floor, California Public Utilities Commission, 505 Van Ness Avenue, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the Resolution number on which your name appears.

## GRAEAGLE ADVICE LETTER NO. 50 SERVICE LIST

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